

Market Research and Solicitation Development

Speaker

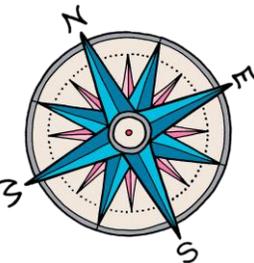
Brenda Derge, Enterprise IT Sourcing

Panel

Ruth Ginzberg, UW System

Greg Smith, Department of Health Services

JoDee Johnson, Consolidated Agency Purchasing Services



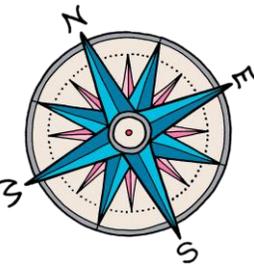
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2. Team effort
3. Questions
4. Primary and secondary research
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8. Let's practice

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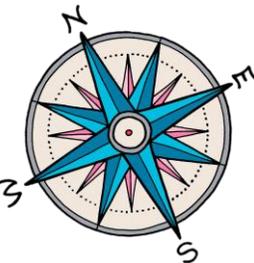


Overview

A panel with representation from UW System, Department of Health Services, and Consolidated Agency Purchasing Services (CAPS) will discuss use of market research.

After today's presentation, you will be able to:

- Identify information sources for market research
- Ask questions that matter to your solicitation
- Practice using market research
- Hear from other procurement professionals on use of market research



Overview

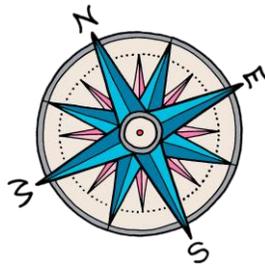
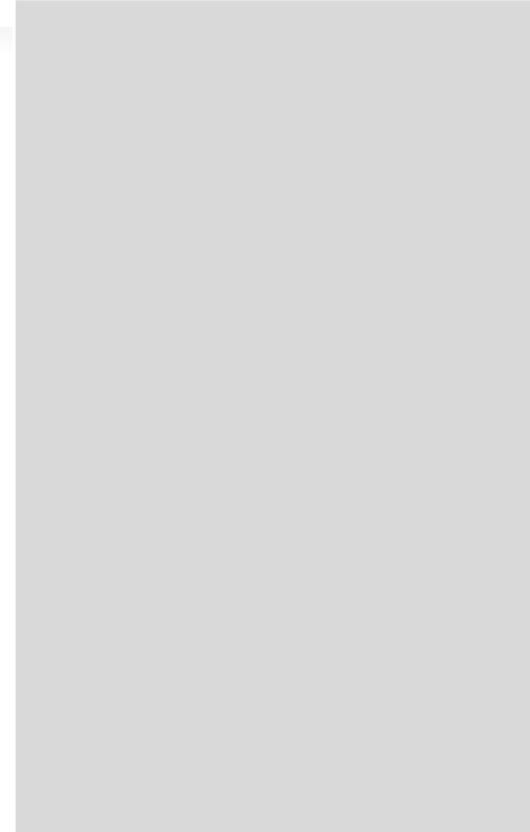
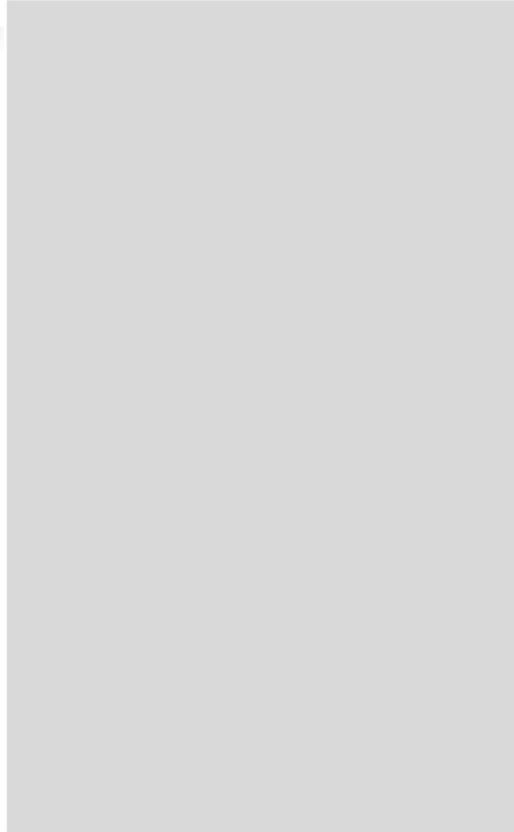


What

Market research

is gathering pertinent data on products, suppliers, business practices,

and analyzing data to make informed business decisions.



Overview



What

Market research

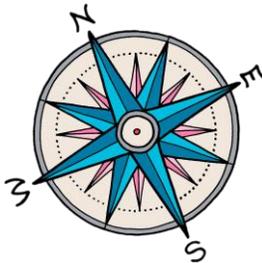
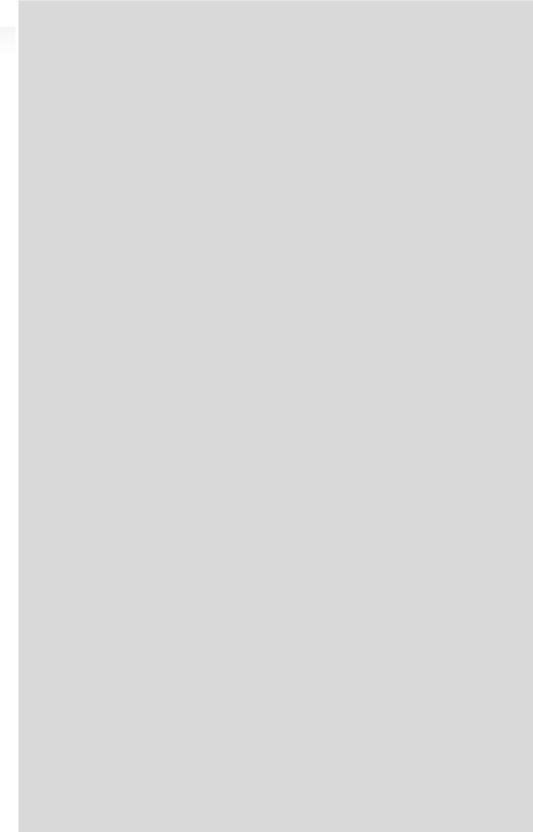
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When

Market research is a **continuous process** throughout the solicitation and contract life.



Overview



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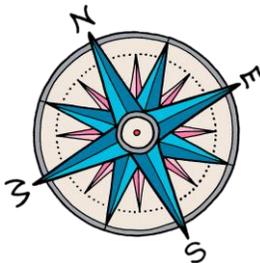
When

Market research is a **continuous process** throughout the solicitation and contract life.



Scope

Today's session will provide a start to finding market research **for use on a solicitation, negotiations, and contract creation.**



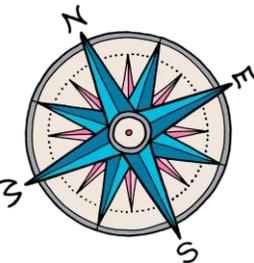
How much research should I do?



It varies from project to project

Consider the:

- Amount of risk
- Known history
- Projected spend, and
- Other pertinent factors



What are you looking for?

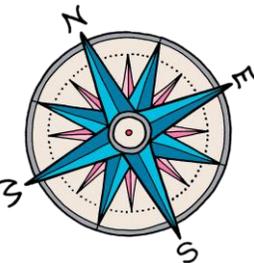
Market research helps you
with a better understanding of:

Price

Supplier
pool

Potential
risks

And much
more



Team

Take a team approach to market research.

Activities

- ✓ Tailor the amount of research needed.
- ✓ Proactively approach the process armed with pertinent information.



Questions you might have

Internal factors

Reason for the need

Gaps, issues, or concerns

Contract flexibility

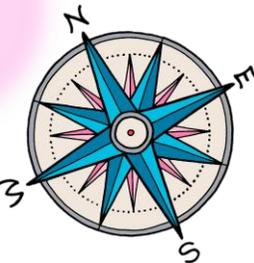
Compatibility

External factors

Sustainability opportunities

Industry standards and customary practices

Seasons or industry events



Handout

Primary and secondary research

Hint:
Use a mix of both for best results

PRIMARY

Firsthand specific or exploratory research to answer questions/issues.

Example

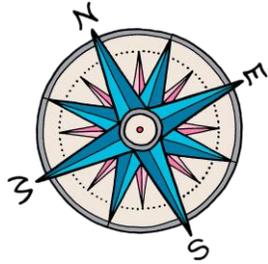
- Contract spend data

SECONDARY

Use of existing information already researched for other purposes and publicly available.

Example

- Trade publications



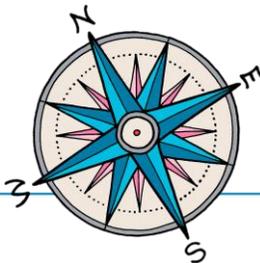
Internal sample information sources



Examples include:

- Other existing contracts (such as already agreed upon terms)
- Questions/issues raised during a prior contract
- Existing metrics (such as performance, time study)

Handout



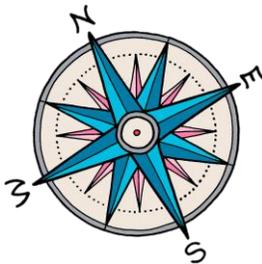


External sample information sources

Examples include:

- Request for information responses
- Internet news
- Other state or federal solicitations

Handout



Product lifecycle



1. Introduction

Demand is low
Higher pricing
Competition is limited
May experience issues/bugs

2. Growth

Demand is growing
Prices may be reduced with new competitors
Competition is also growing

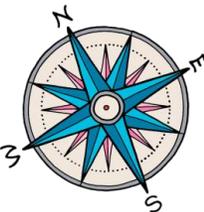
3. Maturity

Large market for demand
Low pricing
More competition with more suppliers
More negotiation opportunities



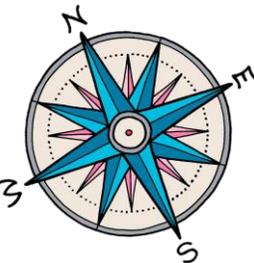
4. Decline

Demand is shrinking
Pricing is low until no longer supported
Fewer new options/features
Consider how long product will be supported

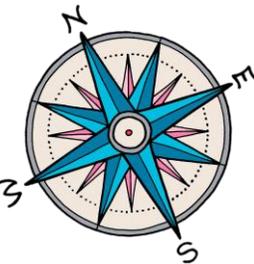


Sample analysis summary

- ✓ What is needed?
- ✓ Data sources
- ✓ Market competition
- ✓ Capacity/capability
- ✓ Other key items
- ✓ Industry
- ✓ Trends
- ✓ Contract needs
- ✓ Recommendations

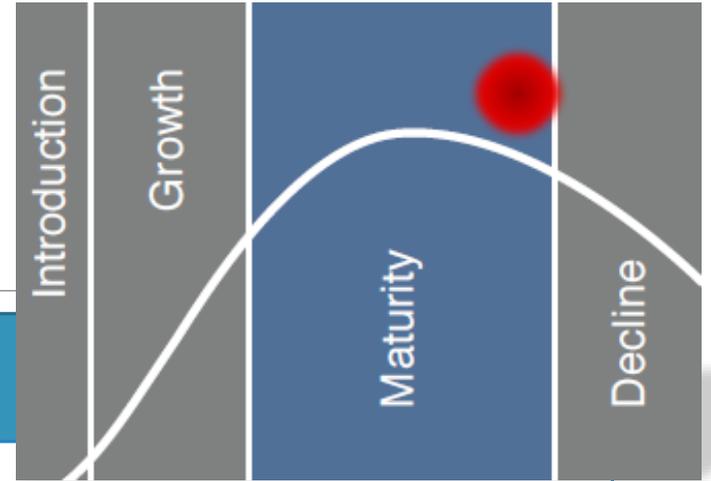


Now that you have some data, let's practice using the market research



Let's practice using market research:

Trends in the marketplace



Price Forecast

2-year price forecast will fall
3.3% annually

Price volatility is low

Equipment

The switching costs is low in this market

There are limited substitutes available

Key pricing factors include the quality, speed, reliability,
functionality available, and total cost of ownership

How might you utilize this information?

- **Cost:** Creating the cost worksheet such as bundling for additional discounts
- **Term:** Shorter contract term due to competitive pricing and falling prices
- **Other:** Consider the need for supplies, repair, service, maintenance options, and energy consumption

Let's practice using market research:

Time, quality and cost

Time

The time is limited for placing an order, implementation, and testing due to federal deadlines.

Quality/Cost

The entire nation is experiencing the federal deadline and the market is limited in providing the unique skills/resources needed for the project.

How might you utilize this information?

- **Timeline:** Find out the actual flexibility. What do the federal requirements indicate? Has there been a history of extending the deadline?
- **Cost sheet:** Are there phases that can be done later?
- **Terms:** Language to hold the Contractor accountable for deadlines.
- **Payment:** Consider deadline-driven milestone or incentive payments
- **Resources:** With supply possibly low and demand high, consider alternative sources, change internal priorities, and/or adjust budget expectations.

Let's practice using market research:

Suppliers

Market changes

The number of available suppliers is decreasing in the market, although each has an authorized retailer network.

Company mergers is the key reason for fewer suppliers.

Past solicitations

There were 10 suppliers who responded 3 years ago on a prior solicitation.

A protest was filed in a similar solicitation in another state.

How might you utilize this information?

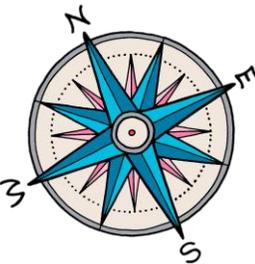
- **Award:** Consider multiple awards (additional competition at the time of quote request)
- **Other:** Identify what could be proactively addressed from protest or Q&A
- **Other:** What could be done differently that might lower cost? (inventory, timing of purchase, pricing tiers)

Presenting...

Ruth Ginzberg, UW System

Greg Smith, Department of Health Services

JoDee Johnson, DOA Consolidated Agency Purchasing Services (CAPS)



Panel Discussion

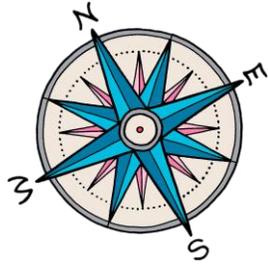
What questions do you ask a program area (and yourself) at the start of a solicitation?

How do you go about developing a bidders list?

How do you verify specifications to make sure they are not too restrictive?



Questions?



Thanks

**for your interest
and participation!**

